University Pension Plan Governance

Two key entities will govern and manage the University Pension Plan (UPP): the sponsor board and the trustee board.

Pension plans must be governed and administered well. In a single-employer plan like the Queen’s Pension Plan (QPP), the employer performs these functions independently. Employee unions may negotiate certain elements of the plan, such as contribution rates, but employees have no say over other kinds of decisions, such as what to do with surpluses when they occur.

The University Pension Plan (UPP) is “jointly sponsored,” which means that employees and employers have equal say over key decisions about the plan. It is also a “multi-employer” plan, which means that employer and employee groups span university campuses. Currently, three universities are involved: Queen’s, Guelph and Toronto. However, it is hoped that more will join in future.

There are two key structures that will govern and manage the UPP:

- **Sponsor Board**: This entity decides on key issues, such as how to manage deficits and surpluses by adjusting contribution rates or benefits. This body also appoints the trustee board.

- **Trustee Board**: This entity is accountable to the sponsor board and is responsible for managing the plan: for hiring investors, actuaries, legal counsel, and benefit administrators.

There are two documents that will be of interest to you if you’d like to know the details of these structures: the Labour Sponsor Board Agreement and the Milestones Agreement (pp. 10-11). These can both be found on the pension information page of the QUFA Web site.

**Sponsor Board**

This board will consist of twelve members, six selected by the unions participating in forming the UPP and six by the three university administrations who are participating in the plan. The labour-side participants do not control how the administrations will select their delegates to the board, but we have heard that even if more universities join the plan, Queen’s intends to keep its seat permanently.

On the labour side, the details have been worked out (see the Labour Sponsor Board Agreement), but in brief, three of the six seats will be controlled by faculty associations, and three will be controlled by other unions. Non-unionized employees will not have representation at this level of governance, though there is a commitment to hold regular labour-side consultations with groups not represented on the sponsor board.

At the outset, the three faculty seats will be held by designates from the faculty associations of Toronto, Guelph, and Queen’s (QUFA). Toronto will hold its seat permanently, while Queen’s and Guelph have agreed to cycle off the board after four years if more universities join the plan and other faculty associations wish to have representation on the sponsor board.

The sponsor board has ultimate authority over governance and plan design features, such as benefits and contributions. Each of the labour and employer side of the board will be able to cast one vote on any decision. That means, for any changes to core elements of the plan (see above), both employer and labour sides must agree.

**Trustee Board**

This entity is responsible for managing the plan. They hire and oversee the experts who will invest plan assets, monitor performance, and ensure timely and accurate delivery of benefits.

Initially, there will be fourteen trustees as follows:

- six appointed by the labour sponsors,
- six appointed by the employer sponsors,
- one appointed by non-unionized Employees who shall not have a tie-making or tie-breaking vote, and
- one independent chair of the board appointed by the joint sponsors.

The plan is to have a voting independent chair for the first seven years of operation so that the board cannot be deadlocked. During this
period, the sponsor board will determine a tie-breaking mechanism so that, after seven years, a chair and vice-chair of the board can be drawn from among the thirteen trustees.

The trustee board will be established by 1 January 2020 so that it can begin to build the infrastructure for the pension plan, which is scheduled to begin conducting business on 1 July 2021.

Conclusion

The key takeaways about governance are that employees have a say in how their pension is managed at the highest level and that significant aspects of the plan cannot be changed without our consent. This type of joint governance results in a more stable pension regime that isn’t vulnerable to individual employers choosing to take benefit holidays when returns are high, only to leave the plan in deficit when they fall, or altering the plan in more profound ways. This is a better pension future for QUFA Members.

If you have any questions or concerns about this information, please contact QUFA.

Note

1https://www.qufa.ca/member-services/pension-information/ (under “Background Documents”)

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